

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 SP-02 ICA-11 AID-05
EB-08 NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01
L-03 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 AGR-01 IO-13 PC-01 DODE-00
PM-05 H-01 PA-01 /136 W
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R 140650Z APR 78
FM AMEMBASSY KIGALI
TO SECSTATE WASHDC 6011
INFO AMEMBASSY BUMUMBURA
AMEMBASSY BRUSSELS
AMEMBASSY DAR ES SALAAM
AMEMBASSY KINSHASA
AMEMBASSY NAIROBI
AMEMBASSY PARIS
AMEMBASSY TRIPOLI

C O N F I D E N T I A L SECTION 1 OF 2 KIGALI 592

USEEC

ALSO FOR AID/ICA/PC

E.O. 11652: GDS
TAGS: PFOR, PORG, EAID, RW
SUBJECT: TRENDS IN RWANDA, MARCH 1978: US AND OTHER WESTERN DONORS
IN SPOTLIGHT; ROLE OF NON-WESTERN AID BEARS WATCHING

1. SUMMARY: US FOOD STORAGE AND FARM HAND TOOLS PROJECTS
SIGNED IN MARCH GAVE WELCOME IMPETUS TO USAID PROGRAM
IN RWANDA. OTHER PROJECTS MOVING TOWARD AGREEMENTS. OTHER
WESTERN DONORS -- FRANCE AND EUROPEAN DEVELOPMENT FUND -- ALSO
MADE NEW CONTRIBUTIONS IN MARCH. RWANDAN PREFERENCE FOR CLOSE
ASSOCIATION WITH WESTERN (OECD) COUNTRIES AND INTERNATIONAL
FINANCIAL INSTITUTIONS REMAINS BASIC POLICY, BUT IN AREAS
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WHERE THOSE AID DONORS RELUCTANT TO HELP -- INCREASINGLY TRUE
IN SECURITY FIELD -- GOR REDIRECTS REQUESTS TO OTHERS.

NON-WESTERN COUNTRIES TEND TO BE
MUCH MORE IDEOLOGICAL AND LESS DEVELOPMENT-ORIENTED --
LIBYA IS MOST VISIBLE EXAMPLE AT PRESENT -- BUT THEY BENEFIT
FROM DISPROPORTIONATE POLITICAL GRATITUDE WHEN THEY FINANCE

PROJECTS TRADITIONAL DONORS CHOOSE TO PASS BY. END SUMMARY.

2. US AID PROGRAM IN RWANDA ACCELERATES: ON MARCH 21, 1978, USG AND GOR SIGNED TWO AGREEMENTS TOTALLING \$1.24 MILLION. FIRST AGREEMENT CALLS FOR EXPENDITURE OF \$1 MILLION FOR EXPANSION OF FOOD MARKETING AND STORAGE PROJECT BEGUN THREE YEARS AGO BY AID. SYSTEM GOAL IS TO ESTABLISH EFFECTIVE PRICE STABILIZATION MECHANISM FOR RWANDA'S THREE MAJOR FOOD CROPS: BEANS, SORGHUM, AND PEAS. UNDER NEW AGREEMENT, TRANSPORT CAPACITY OF SYSTEM WILL BE EXPANDED AND STORAGE CAPACITY WILL BE DOUBLED TO 10,000 TONS.

SECOND AGREEMENT AIMS TO IMPROVE RWANDA'S CAPABILITY TO MANUFACTURE AND REPAIR FARM HAND TOOLS. THIS \$240,000 PROJECT CALLS FOR RESTORATION OF A BLACKSMITH TRAINING FORGE WHICH WILL SERVE AS CENTER TO INSTILL IMPROVED BLACKSMITHING SKILLS.

THERE HAVE BEEN OTHER POSITIVE SIGNS THAT USAID DEVELOPING MOMENTUM IN RWANDA. PLANS WERE COMPLETED FOR AN AGRICULTURAL EDUCATION PROJECT WHICH INCLUDES SUPPORT TO TWO AGRICULTURAL SCHOOLS AND CONSTRUCTION OF A NUMBER OF RURAL TRAINING CENTERS. IN ADDITION, DURING MONTH OF MARCH GOR OFFICIALLY REQUESTED US INVESTIGATE OTHER POSSIBILITIES WHERE USAID MIGHT CONTRIBUTE TO RWANDA DEVELOPMENT -- CONSTRUCTION OF LOCAL FOOD STORAGE FACILITIES, FISH BREEDING PROJECTS, EXPLOITATION OF LAKE
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KIVU METHANE GAS DEPOSITS, IMPROVEMENT OF RURAL ROADS, PROGRAM OF RURAL WATER SUPPLY, ASSISTANCE TO RWANDAN COOPERATIVE MOVEMENT AND EVALUATION OF AREA DEVELOPMENT PROJECT POTENTIAL.

IN ADDITION, GOR REQUESTED A PEACE CORPS VOLUNTEER ALREADY IN COUNTRY TO UNDERTAKE A FISH BREEDING STUDY.

3. MORE AID: FRANCE MAPS 1978 AID PLANS WITH GOR: THE SEVENTH ANNUAL FRANCO-RWANDAN ROUND TABLE MET MARCH 7-9 TO DISCUSS 1978 IAD POSSIBILITIES. FRENCH AMBASSADOR TO RWANDA MANIERE LED HIS COUNTRY'S DELEGATION; JUVENAL RENZAHU, SEC GEN OF MINISTRY OF FOREIGN AFFAIRS AND COOPERATION, LED THE RWANDAN SIDE.

IMPORTANCE OF FRENCH AID HAS GROWN IN RECENT YEARS, AND FRANCE NOW IN SECOND RANK OF BILATERAL DONORS, WITH FRG, BEHIND BELGIUM. IN 1977 FRENCH AID, CONCENTRATED CHIEFLY IN THE PUBLIC HEALTH, EDUCATION, AND TOURISM SECTORS, TOTALED APPROXIMATELY \$6-8 MILLION. MANIERE DID NOT PROVIDE EXACT "ENVELOPE" FIGURE FOR 1978 AID TO RWANDA. HE DID, HOWEVER, ESTIMATE

THAT 1978 LEVELS WILL DECLINE A BIT TO 14-15 MILLION FF
LEVEL PLUS FF 8.2 MILLION FOR
THE EXPANSION OF THE SHOWCASE URIGWIRO TOURISM COMPLEX
IN KIGALI WHERE FRANCOPHONE CHIEFS OF STATE ARE TO MEET
IN APRIL 1979. AT MIXED COMMISSION MEETING, FRENCH STEERED
CLEAR OF COMMITMENT TO LARGE DEVELOPMENT PROJECTS IN

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AGRICULTURE OR INFRASTRUCTURE SECTORS. THEY WILL CONTINUE
TO CONCENTRATE AID EFFORTS ON ONGOING PROGRAMS IN EDUCATION
SECTOR (NATIONAL PEDAGOGIC INSTITUTE, UNIVERSITY HUMANITIES
STUDIES, KIGALI HIGH SCHOOL, 42 UNIVERSITY SCHOLARSHIPS, 43
TRAINING SCHOLARSHIPS), HEALTH SECTOR (RUHENGERI HOSPITAL
AND 14 DISPENSARIES), AND OTHER TECHNICAL ASSISTANCE.
DURING MIXED COMMISSION, FRENCH DELEGATION MADE POINT OF PUTTING
GOR ON NOTICE THAT PARIS DID NOT INTEND TO SEND TEAM AFTER
TEAM OF TECHNICAL EXPERTS TO KEEP PROJECTS ALIVE. BUDGET
RESTRICTIONS WHICH HAD ALREADY REDUCED NUMBER OF AVAILABLE
EXPERTS TO HAVE MADE RWANDANIZATION NECESSARY. MIXED COM-
MISSION ENDED ON GOR'S HABITUAL BITTERSWEET REFRAIN OF
"THANK YOU BUT WE EXPECTED MORE." FRANCE, HOWEVER, HAS NO
INTENTION OF CHALLENGING BELGIUM'S ROLE OF PRINCIPAL AID
DONOR; THEY ARE NOT PREPARED TO SPEND THE MONTH IT WOULD
COST. THEIR INFLUENCE HAS BEEN INCREASING AT LOW COST,

THOUGH, LARGELY THROUGH AN EFFECTIVE STYLE OF OPERATION.
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ONE IMPORTANT FACTOR IS THAT PERSONAL RELATIONS OF FRENCH
AMBASSADOR MANIERE WITH RWANDAN LEADERS APPEAR TO BE MUCH
BETTER THAN THOSE OF HIS BELGIAN COUNTERPART.

4. AND MORE AID: EEC GIFT TRUCKS ARRIVE AT MOMBASAC IN A
MARCH 15 CEREMONY AT MOMBASA, THE EUROPEAN DEVELOPMENT FUND
TURNED 40 TRUCKS OVER TO RWANDA. THIS FLEET CONSISTING OF
15 FIAT TANKERS AND 25 HEAVY-DUTY MERCEDES BENZ TRUCKS ARE
THE SECOND PHASE OF A RWF 445,000,000 (U \$4,864,451) AID
AGREEMENT SIGNED IN NOVEMBER, 1976. THE FIRST PHASE WHICH
INVOLVED THE CONSTRUCTION OF A FIVE MILLION LITER (TWO-MONTH
SUPPLY) GASOLINE STORAGE FACILITY WAS COMPLETED A YEAR AGO.

5. WESTERN AID: THE SINE QUA NON OF DEVELOPMENT STRATEGY:

WE ATTACH NO SPECIAL IMPORTANCE TO TIMING OF NEW AMERICAN AND
EUROPEAN AID DEVELOPMENTS. FINE POINTS OF USAID PROJECTS
HAD BEEN UNDER SCRUTINY FOR MANY MONTHS, AND IT WAS SOME RELIEF
TO GET SIGNATURE OF AGREEMENTS BEHIND US. SIMILARLY
ANNOUNCEMENTS OF COMMITMENTS FROM OTHER WESTERN DONORS ARE
MERELY PART OF ONGOING PATTERN THAT IN RECENT MONTHS HAS
INCLUDED PACKAGES FINANCED BY BELGIUM, QRG, IBRD,
AND OTHER SMALLER DONORS. STRIKING POINT IS HOW FIRMLY
ATTACHED RWANDA IS TO TIES WITH WESTERN DEMOCRACIES, AND HOW
WELL IN GENERAL THIS PREFERENCE HAS BEEN REWARDED BY THEIR
ATTENTION TO AID PRIORITIES SET BY GOR. PER CAPITA AID TO
RWANDA WAS APPROXIMATELY \$20 IN 1977, AND IS
STILL GROWING. VIRTUALLY ALL FINANCING FOR AGRICULTURE, EDUCATION,
AND INFRASTRUCTURE PROJECTS COMES FROM WESTERN DONORS.
THE WEST IS DONOR OF CHOICE IN MILITARY FIELD AS WELL, BUT
WHEN RWANDANS ENCOUNTER RELUCTANCE TO SUPPLY THEIR STATED NEEDS,
THEY TURN ELSEWHERE WITH REQUESTS. ALTHOUGH THEIR GEOPOLITICAL
LEVERAGE IS SLIGHT, THEY MAY HAVE BEGUN RECEIVING POSITIVE
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RESPONSES IN THESE CASES, PARTICULARLY FROM LIBYA.

6. NON-WESTERN AID: MORE POLITICS, LESS ECONOMIC JUSTIFICATION:

LIBYA IS TYPICAL OF PATTERN OF AID FROM COMMUNIST AND RADICAL
COUNTRIES. ISLAMIC CENTER THEY CHIEFLY FINANCED WILL SOON BE
READY FOR INAUGURATION, AND WORK HAS PICKED UP AFTER SEVERAL
MONTHS' SUSPENSION ON LUXURY HOTEL BETWEEN KIGALI TOWN

AND AIRPORT. LIBYANS ALSO PARTICIPATE IN TANNERY PROJECT (WITH UNIDO) AND HAVE CLEARANCE TO OPEN DEVELOPMENT BANK. THEY ARE ALSO APPARENTLY TRAINING RWANDAN MILITARY PERSONNEL IN LIBYA. ACTIVITIES TEND TO HAVE HIGH PROFILE, LARGE IDEOLOGICAL ELEMENT, AND RELATIVELY LESS ECONOMIC DEVELOPMENT POTENTIAL. ON MORE MODEST SCALE, NORTH KOREA ACTIVE ONLY IN CONSTRUCTION OF "YOUTH PALACE," NOW TWO YEARS BEHIND SCHEDULE, AND IN ATHLETIC COACHING. USSR PROVIDES SEVERAL TEACHERS AND DOCTORS, PLUS SCHOLARSHIPS. PRC PAVED IMPORTANT ROAD TO TANZANIAN BORDER, NOW RUNS SUGAR AND RICE PROJECTS, AND INTENDS TO BUILD CEMENT FACTORY. EXCEPT FOR PRC, POLITICAL MILEAGE THESE COUNTRIES GET FROM THEIR AID IS OUT OF PROPORTION TO WORTH OF PROJECTS, BUT RWANDANS JUDGE THEM BY A DIFFERENT STANDARD. GOR SHARES GENERAL LDC TENDENCY TO STAND WITH RADICALS ON ISSUES OF PRINCIPLE SUCH AS ARISE IN NORTH-SOUTH DIALOGUE, BUT IN PRACTICAL TERMS THEY KNOW THAT GENERALLY ONLY WESTERN DONORS CAN AND WILL RESPOND TO GENUINE DEVELOPMENT CRITERIA.

WHEN RWANDANS ARE MOST SERIOUS (INCLUDING IN THE SECURITY FIELD), THEY ASK FOR OECD COUNTRY HELP FIRST. WHEN WE REFUSE, THEY OFTEN TURN ELSEWHERE; THEN IF SOMEONE LIKE LIBYA SAYS YES, BUT DEMANDS A HIGH POLITICAL PRICE, THE RWANDANS MAY AGREE TO PAY THAT PRICE -- A PRICE THAT THEY WOULD NOT ACCEPT FROM TRADITIONAL WESTERN DONORS.
LESSER

NOT PROCESSED BY ANALYSIS. KIGALI 592 (SEC 2 OF 2). DUPE.

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